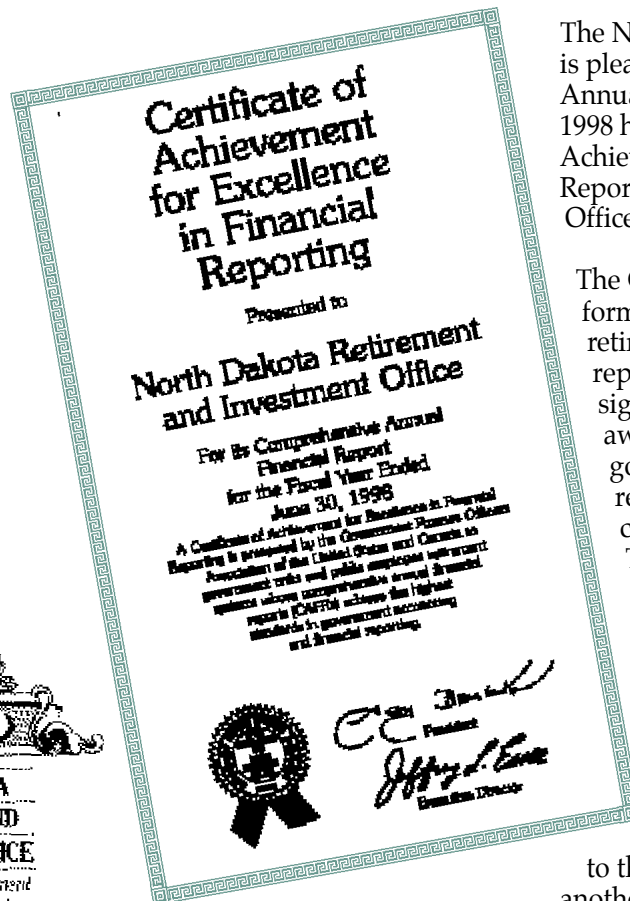


# Report Card

TEACHERS' FUND FOR RETIREMENT

NOVEMBER 1999

## RIO Receives Achievement Award



The ND Retirement and Investment Office (RIO) is pleased to announce that its Comprehensive Annual Financial Report (CAFR) for June 30, 1998 has qualified for a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

The Certificate of Achievement is the highest form of recognition in public employee retirement system accounting and financial reporting, and its attainment represents a significant accomplishment. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



**NORTH DAKOTA  
RETIREMENT AND  
INVESTMENT OFFICE**  
*Teachers' Fund for Retirement  
State Investment Board*

### TFFR Board of Trustees

Mark Sanford, *President*

Barb Evanson Paul Lofthus  
Norman Stuhlmiller H.L. "Curly" McLain  
Kathi Gilmore Wayne Sanstead

### RIO Administrative Office

Steve Cochrane, *Executive Director/CIO*  
Fay Kopp, *Deputy Director/Retirement Officer*  
Shelly Schumacher, *Editor*

### ND Retirement and Investment Office

1930 Burnt Boat Drive, P.O. Box 7100  
Bismarck, ND 58507-7100  
701-328-9885, ND toll free: 1-800-952-2970  
Relay ND: 1-800-366-6888

*Articles are for general information only and are not intended to provide specific advice or recommendation. Other forms of this newsletter are available on request.*

## Evanson Re-appointed to Board

Governor Schafer recently re-appointed Barb Evanson to the TFFR Board of Trustees for a five-year term. Barb has been a TFFR board member since 1996 and represents active teachers. She will also be a member of the TFFR Benefits/Services Committee.

Thank you Barb, for your continued service to all TFFR members – both active and retired.



Barb Evanson

# Target Practice

A retired member recently asked me what the average benefit is for TFFR annuitants. It sounds like such a simple question, but in reality, the answer changes daily. Now, I'm no hunter, but I've come to realize that hitting the exact "average benefit" mark is like trying to hit a moving target. Why?

Each month, TFFR makes retirement payments to retired members and surviving beneficiaries. However, much activity takes place during the month which has an impact on the numbers. To illustrate this point, let's trace the changes over the past 16 months (see charts below).

**What happened? There are a number of factors that affected the "average" during this time.**

1. On an ongoing basis, new retirees typically receiving higher benefits replace deceased retirees with lower benefits. This happens naturally, with no specific legislative activity.
2. The 1999 Legislature passed a benefit improvement for retirees of about \$70 for those drawing a benefit in June 1999. Notice the \$70 jump from June to July 1999.
3. The Legislature also approved a benefit multiplier of 1.88 percent for



Fay Kopp  
Retirement Officer

active members who retired after June 30, 1999. Notice the jump in average benefit amount and in the number receiving benefits from July to August 1999.

Oh what a difference a month makes! As you can see, average benefits change each month. During the summer months when most of our members retire and benefit increases are granted, the ups and downs are much greater than during the fall, winter and spring months.

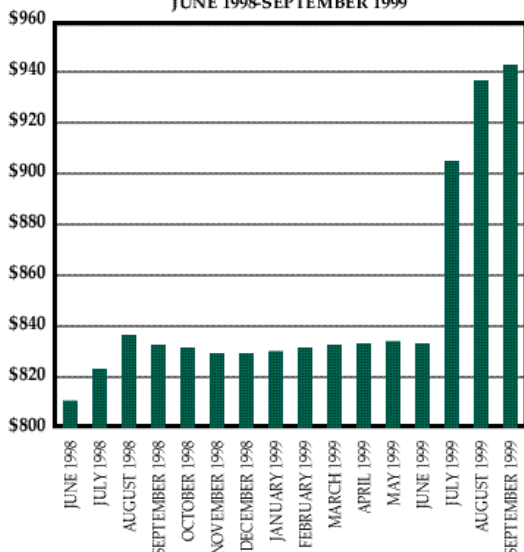
The next time you are wondering about the average benefit paid to annuitants, remember that the TFFR target is constantly moving. Your benefit, based on salary, service credit and benefit formula, may be higher or lower than the average of all retirees.

# Annual Statement Gets New Look

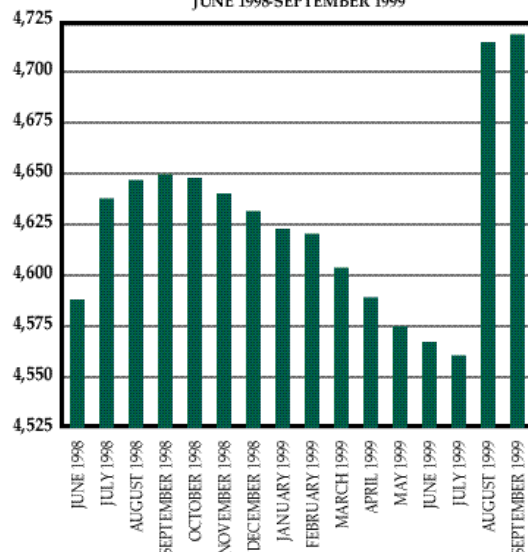
*Have you ever wondered what benefits would be paid to you or your beneficiary if you retired, became disabled or passed away? What if you left TFFR employment before reaching retirement eligibility age? These questions and more are answered in the annual retirement account statement that was mailed to you in September.*

To help you better understand all of the benefits available to you, we included additional benefit estimates to this "new and improved" annual statement. If you find that your TFFR benefits do not meet all of your family's needs, please take steps to strengthen your financial position in the event of your retirement, disability or death.

**AVERAGE BENEFIT PAID**  
JUNE 1998-SEPTEMBER 1999



**NUMBER OF RETIREES RECEIVING BENEFITS**  
JUNE 1998-SEPTEMBER 1999



**NORTH DAKOTA RETIREMENT & INVESTMENT OFFICE  
TEACHERS' FUND FOR RETIREMENT**

100 West Bend Drive  
P.O. Box 7100  
Bismarck, ND 58507-7100  
Telephone: 701-328-4444  
ND Toll Free 1-800-350-5978  
Fax: 701-328-4444

**RETIREMENT BENEFITS STATEMENT  
AS OF JUNE 30, 1999**

Name: **ANE TEACHER** Social Security Number: **111-22-3333**  
Address: **01 CENTER STREET** Date of Birth: **07/01/1959**  
**PIRITWOOD ND 58481**

**Value:** Due is the amount refundable to you if you terminate employment.

**Taxes** **Tax Deferred** **Interest** **Account Value**  
**Assessments** **Member Assessments**  
\$5,000.00 \* \$15,000.00 + \$7,000.00 = \$27,000.00

Assessment totals reflect amounts paid life-to-date through June 30. Interest is  
and at 6% compounded annually and reflects interest paid through August 31.

**Service:**

**Service Credit** **1998-99** **Purchased Service** **Total Service Credit**  
**As of 06/30/1999** **Service Credit** **Credit (paid in full)** **As of 06/30/1999**  
11.000 + 1.000 + 1.000 = 13.000

**Retirement Benefits:**

**Reported FYR Salary for 1998-99:**

\* a vested member.

on your current average monthly salary of \$2,500.00, a benefit multiplier of 1.8% and  
your estimated monthly single life annuity retirement benefits are:

Date	Age	Service Credit	Monthly Benefit
07/01/2015	56.000	29.000	\$1,363.00
07/01/2024	65.000	38.000	\$1,786.00
07/01/2021	62.000	35.000	\$1,645.00
07/01/2014	55.000	28.000	\$1,150.00

Age of 65:  
Age 62:  
Age 55:

**Disability Retirement Benefits:**

If you become disabled, your disability single life annuity would be based on your average salary times the greater of your total service credit or 20 years, times the current multiplier of 1.8%.

Your current monthly disability benefit would be:

\$940.00

**Beneficiaries:**

Your primary beneficiary(ies) is/are listed below. Contingent beneficiaries, if named, are on file at the administrative office.

JOHN TEACHER

**Survivor Benefits:**

If you die prior to retirement, your beneficiary would be eligible for the following  
Survivor Benefits:

Refund of account value:

Lifetime monthly survivor annuity (available only  
if one beneficiary is on file): \$27,000.00

5-year certain annuity (divided between beneficiaries  
according to distribution percentages on file): \$455.00

\$611.00

Information and projections on this statement are based on current information and are  
to change. If differences exist between the information provided here and state law,  
law prevails.

**Here is an explanation of how to read and verify the information on your annual statement:**

**A.** Check your name, address, social security number and birth date.

**B.** Amount refundable to you if you terminate covered employment. Account value includes all member assessments paid (current rate 7.75 percent of salary), purchase payments and interest earned.

**C.** Verify the current year of service credit reported by your employer (700 hours = 1 year).

**D.** If currently purchasing service credit, the years will not appear until paid in full.

**E.** 1998-99 salary reported for retirement purposes and should include all pay for teaching, supervisory, administrative and extra-curricular duties.

**F.** Retirement benefit estimates have been provided for most active and deferred members. The single life annuity option is only one of several payment options available to you at retirement. If you wish to receive retirement benefit estimates including all payment options or if you did not receive benefit estimates due to the uniqueness of your account, contact a Benefits Specialist at the administrative office.

**G.** Disability benefits may be payable should you experience a long-term disability that prevents you from performing the duties of a teacher.

**H.** Only primary beneficiary(ies) are shown on this statement. Contingent beneficiary(ies) may be named and will be kept in your permanent retirement file. If married, your spouse must be named as your primary beneficiary unless spousal consent is given.

**I.** Survivor benefits are payable to your beneficiary should you pass away before you begin drawing retirement benefits. If you pass away after monthly payments have commenced, survivor benefits (if any) will be paid as specified by the payment option you selected at retirement.



## Year-End Actuarial Report Favorable

The TFFR plan remains in a strong actuarial position, according to the annual valuation report prepared by the plan's actuary, Watson Wyatt Worldwide. The annual actuarial valuation is a mathematical means of determining if the contributions paid by the employee and employer, along with investment earnings, are adequate to pay the retirement benefits of current and future retirees. If the valuation determines that the fund has performed better than expected based upon the actuarial value of assets, there is a gain to the system. This is commonly referred to as a positive margin. In the past, positive margins have been used to fund improvements in the retirement plan.

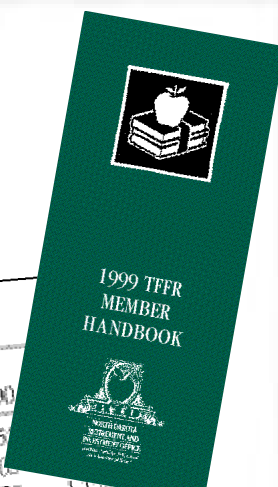
The July 1, 1999 actuarial report indicated that the new benefit legislation adopted in the 1999 legislative session was expected to use up the entire 2.97 percent margin that existed at July 1, 1998. Instead, mainly because of the outstanding investment performance, TFFR still has a 1.66 percent margin as of this valuation.

The actuarial value of assets on July 1, 1999 was \$1,053.1 million. The market value of assets on that date was \$1,262.6 million. The reason for the difference between the market and actuarial values is that TFFR only recognizes 20 percent of any gain or loss in investments in any one year of a five-year period in determining actuarial value. This approach is known as "smoothing." It helps to protect the system from market fluctuations and ensures a conservative method for planning benefit changes.

TFFR's funded ratio is 88.6 percent. However, because of the 1999 legislation, the unfunded actuarial accrued liability (UAAL) increased from \$105.1 million to \$135.3 million. If the funded position were measured using the market value of assets, rather than the 5-year smoothed value, TFFR would have assets in excess of its actuarial accrued liability.

## Handbook Mailed

A new TFFR Member Handbook updated with the 1999 legislative changes was recently sent to you. Please keep this guide with your retirement records as a reference tool. The following table is just one example of the helpful information that



MONTHLY RETIREMENT INCOME						
Years of Service	Average Annual Salary					
	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000
5	\$157	\$196	\$235	\$274	\$313	\$352
10	313	392	470	548	627	705
15	470	588	705	823	940	1,058
20	627	783	940	1,097	1,253	1,410
25	783	979	1,175	1,371	1,567	1,763
30	940	1,175	1,410	1,645	1,880	2,115
35	1,097	1,371	1,645	1,919	2,193	2,468
40	1,253	1,567	1,880	2,193	2,507	2,820

*Estimated benefits based on age 65 or Rule of 85 under Single Life Annuity option.*

## TFFR Outreach Services Coming Your Way

### BENEFITS COUNSELING SESSIONS

Individual 30-minute benefits counseling sessions are available to all members to discuss TFFR benefits and other retirement issues. To schedule an appointment at one of the following locations, contact the Administrative Office at 1-800-952-2970 or 701-328-9885.

Fargo	December 1-2, 1999
Bismarck	January 19-20, 2000
Minot	February 15-16, 2000
Hettinger	March 14, 2000
Dickinson	March 15, 2000

### PRE-RETIREMENT SEMINARS

Pre-retirement seminars are six hour programs held from 4 pm to 7 pm each day. The topics covered are TFFR benefits, Social Security benefits, financial planning, estate planning, health insurance and adjusting to retirement. To register for a pre-retirement seminar, complete and return the registration form.

Devils Lake – March 21-22, 2000

Williston – March 28-29, 2000

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Home phone: \_\_\_\_\_ Work phone: \_\_\_\_\_

Will your spouse/guest be attending? ☐ Yes ☐ No

If your spouse/guest is also a teacher, please provide SSN: \_\_\_\_\_

Mail to: ND Retirement and Investment Office  
P.O. Box 7100, Bismarck, ND 58507-7100

# 1999 Convention Highlights



Above: TFFR board members and RIO staff help teachers estimate their benefits using the Retirement Benefits Calculator.



Left: Shelly Schumacher, Retirement Program Supervisor, and Barb Evanson, TFFR Board Vice President, show off new retirement brochures.



Right: Paula Brown, Retirement Program Specialist, reviews personalized benefit estimate with a TFFR member.



Paul Lofthus, TFFR Board Member, explains plan benefits to interested teachers.

## Happy Retirement Scott!

A retirement reception honoring Scott Engmann was held on June 24, 1999 in Bismarck. In attendance were many current and former business associates, family and friends. Scott received numerous well-deserved acknowledgments and awards. The highlight of the evening was the presentation of a portrait of Scott's daughters from the the TFFR and State Investment Boards.

*We'll miss you!*



RIO staff members say good-bye to long-time Executive Director Scott Engmann.

# Administrative Rule Changes

A public hearing will be held on January 27, 2000 to address proposed amendments to N.D. Administrative Code Title 82. The purpose of the proposed amendments is to implement state statutes and to comply with Federal law.

The proposed rules address the Teachers' Fund for Retirement definitions; teachers' withdrawal

from the fund; purchase of benefit service credit; veterans' rights; application for benefits; designation of beneficiary; optional forms of benefit payments; level income option; actuarial factors; and procedure for determining disability.

A copy of the proposed rules may be requested by writing or calling the Retirement and Investment Office.

## Y2K Compliance UPDATE

In 1997, the RIO Year 2000 Project Team identified several areas of possible vulnerability. RIO has now completed corrective measures in all areas or received letters of compliance from outside vendors.

Although RIO cannot ensure the Year 2000 compliance of any outside entity, we have every confidence that our systems will function properly through the transition from 1999 to 2000 and in the years beyond. We are, however, finalizing a contingency plan in order to maintain the business functions of RIO in the event of a Year 2000-related system failure.

### Web Site At Work

We're almost there! Development of a RIO Web Site is in its final stages and will soon be available to you. Our web site will provide you with easy access to information about our agency, the TFFR Board, legislation, investments, member and employer information, plan benefits, publications, forms and lots more! You'll love the "link" to LIFEPLAN which offers valuable information and easy-to-use financial planning tools for people of all ages.

We hope to be up and running in January 2000. Watch for our on-line address!

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58501

